

## **ABSTRACT**

*As a result of the implementation of fiscal decentralization in Indonesia, local governments are trying to improve the welfare of their communities at the expense of environmental aspects, starts from pollution to forest loss or land loss. This is reflected in the score of environmental quality that continues to decline each year.*

*The analytical method used in this study is a panel data regression model with time series data from 2013-2017 and cross section data of 33 provinces in Indonesia.*

*The results of the regression analysis showed that economic growth, the number of industries that were PROPER, HDI and population density showed a significant effect on environmental quality in Indonesia, while fiscal decentralization had no significant effect.*

**Keywords:** *IKLH, fiscal decentralization, economic growth, number of industries, HDI, population density.*